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Review of the efficiency of the administrative and financial functioning of the United Nations

Proposed programme budget outline for the biennium 2014-2015

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the proposed programme budget outline for the biennium 2014-2015 (A/67/529 and Corr.1), which was submitted pursuant to General Assembly resolution 41/213. During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. In section II of his report, the Secretary-General describes how he arrived at the preliminary estimate of resources needed to accommodate the proposed programme of activities for the biennium 2014-2015, which amounts to $5,341.0 million. In paragraph 3, he states that the approved level of resources appropriated by the General Assembly in its resolutions 66/248 A-C, amounting to $5,152.3 million, was taken as the starting point. In annex I to his report, the Secretary-General indicates that, of the total amount of $5,152.3 million appropriated for the biennium 2012-2013, $4,069.3 million relates to activities established under the regular budget, while the remaining $1,083.0 million represent the overall provision for the biennium 2012-2013 for special political missions.

3. From the above-mentioned starting point of $5,152.3 million, the Secretary-General has made a number of adjustments in order to arrive at the final preliminary estimate. With regard to regular budget established activities, he provides for an additional $15.7 million to account for the delayed impact in the biennium 2014-2015 of regular budget posts established during the current biennium. He then subtracts an amount of $77.8 million, comprising $19.3 million corresponding to one-time costs required during the biennium 2012-2013 and $58.5 million corresponding to proposed provisions for resource changes in the biennium 2014-2015 (see paras. 5-8 below). An amount of $220.6 million relating to the

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deferred post-related recosting for inflation and exchange rate fluctuations has also been added for planning purposes (see para. 9 below).

4. Thus, as the Secretary-General indicates in paragraph 22 of his report, growth in real terms reflects an estimated decrease of $62.1 million, or 1.5 per cent, as compared with the approved appropriation for regular budget established activities for the biennium 2012-2013. The Secretary-General indicates in paragraph 4 of his report, however, that preliminary estimates for special political missions reflect an increase of $30.2 million (see para. 12 below). The Advisory Committee notes that, once account is taken of that provision, as well as of the indicative deferred post-related recosting amount of $220.6 million, the total preliminary estimate of $5,341.0 million would represent an increase of $188.7 million, or 3.7 per cent, over the total approved appropriation of $5,152.3 million for the biennium 2012-2013.

5. In paragraphs 10 to 14 of his report, the Secretary-General outlines the proposed provisions for resource changes in the biennium 2014-2015. He indicates that, as reflected in paragraph 38 of the plan outline of the proposed strategic framework for the period 2014-2015 (A/67/6 (Part I)), which is currently under review by the General Assembly, he has introduced new measures aimed at enhancing the transparency, effectiveness and efficiency of the United Nations. Those measures consist of efforts to increase the cost-effectiveness and efficiency of service delivery in the areas of programme support, conference management and public information, as well as the reprioritization of capital projects, while ensuring the effective implementation of mandated activities. The Secretary-General states that further details and specific proposals will be presented in his reports on the proposed programme budget for the biennium 2014-2015. Those proposals will include a review of programme outputs in line with regulation 5.6 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

6. The Secretary-General expects that the aforementioned efforts will result in an estimated decrease in resource requirements for the biennium 2014-2015 of $63.1 million. That decrease will be offset by a provision of $4.6 million in respect of mandated conferences for which the modalities are already known, leaving a net total estimated decrease of $58.5 million.

7. Upon enquiry, the Advisory Committee was informed that the proposed resource reduction was based on the Secretary-General's vision of continuing to do more with less by finding sustainable solutions that would make the most efficient use of the Organization's resources without adversely affecting its mandate delivery. Accordingly, a review had been undertaken of non-programme costs, covering both post and non-post objects of expenditure, for support functions that were not directly associated with the delivery of substantive programmes, namely the programme support components for all budget sections, as well as the total budget for part VIII, Common support services. Programme support costs currently represented 20 per cent of the total regular budget (excluding provision for special political missions). Reducing overall programme support costs by 1 per cent would translate into reductions of approximately 5 per cent in each of the programme support components of the budget. The Committee was also informed that programme managers had been requested, in the context of the budget instructions, to identify ways to deliver mandates more effectively and efficiently through the introduction of process improvements and reorganized structures. Programme

managers had also been instructed not to propose reductions through the deferral of planned acquisitions.

8. The Advisory Committee was further informed, upon enquiry, that a similar review of requirements relating to conference services, public information and construction was to be undertaken.

9. The Advisory Committee recalls that the General Assembly, in paragraph 27 of its resolution 66/246, decided to defer consideration of post-related recosting for inflation and exchange rate projections to the first performance report on the budget for the biennium 2012-2013, in order to ensure appropriation of post-related costs in line with actual expenditure experience. The Secretary-General indicates, in paragraph 15 of his report, that the deferred amount of $220.6 million has been included in the preliminary estimate for planning purposes and on the basis of established practice. In paragraph 19 of the report, it is stated that further adjustments to reflect actual rates of inflation and exchange rates during 2012 to date, as well as revised projections for the biennium, will be provided in the context of the first performance report on the budget for the biennium 2012-2013 (A/67/592).

10. With regard to the preliminary estimate of resources for the biennium 2014-2015, the Advisory Committee agrees with the adjustments proposed by the Secretary-General to reflect the delayed impact in the biennium 2014-2015 of regular budget posts established during the current biennium and the non-requirement for resources provided therein 2012-2013 for one-time costs.

11. **With regard to the proposed provisions for resource changes in the biennium 2014-2015, the Advisory Committee welcomes the efforts being undertaken by the Secretary-General to seek further efficiencies through enhancing the cost-effectiveness and efficiency of service delivery. However, the Committee underlines the importance of ensuring that the efficiencies introduced as a result of the above-mentioned review exercises are not ad hoc or reactive, but sustainable. It also expects that the effectiveness of mandate implementation will remain the paramount consideration. The Committee has consistently emphasized the importance of the ongoing review of programmes and business processes to ensure the most effective and efficient implementation of mandates. In this connection, the Committee reiterates its previously expressed concerns about the need to go beyond incremental budgeting and to evaluate and consider the entire quantum of resources necessary to carry out the programmes and activities mandated by the General Assembly and other organs (see A/65/611, para. 6, A/64/7, para. 84, and A/62/7, para. 21).**

12. In paragraph 17 of his report, the Secretary-General estimates that the full biennial provision for special political missions in the biennium 2014-2015 would amount to $1,113.2 million, an increase of $30.2 million over the appropriation of $1,083.0 million for the biennium 2012-2013. According to the Secretary-General, the increase is related to a preliminary assumption regarding the continuation of new missions established in 2012 ($113.2 million). The provision also takes into account the estimated reduction in the resources for 29 missions from the $583 million approved in 2012 to the $500 million proposed in 2013. The proposed provision of $500 million in 2013 for the 29 missions is projected for each year of the biennium 2014-2015. In paragraph 18 of his report, however, the Secretary-General notes that,

since special political missions may be approved at any time of the year, their timing and the related resource requirements have been difficult to predict accurately. Consequently, the preliminary estimate of $1,113.2 million may be subject to change if new missions are established in future.

13. In its resolution 63/266, the General Assembly requested the Secretary-General to provide information on initiatives before the Assembly and on foreseeable items yet to be issued that may have an impact on the budget outline. Annex II to the Secretary-General's report provides a detailed list of items of which the Assembly is currently seized or for which reports are expected to be submitted and the related preliminary estimates known as at 19 October 2012. According to the Secretary-General, those reports, when considered and if adopted by the Assembly, will have an impact on the level of the proposed programme budget for the biennium 2014-2015. Upon request, the Advisory Committee was provided with an updated list, as at 6 December 2012, of such initiatives and their potential financial implications (see annex). The Committee notes that, if the budget outline were to include the estimates in respect of all items currently before the Assembly and foreseeable items in reports yet to be issued, the preliminary estimates would be likely to increase by approximately $154.4 million. **The Committee recommends that the General Assembly take into account the updated information set out in the annex to the present report.**

14. The size of the contingency fund is discussed in paragraph 25 of the Secretary-General's report. **The Advisory Committee recommends approval of the Secretary-General's proposal that, for the biennium 2014-2015, the level of the contingency fund be maintained at 0.75 per cent. The Committee expects that the Secretary-General will ensure that all departments, offices and decision-making bodies are informed of the level of the contingency fund for the biennium 2014-2015.**

15. The Advisory Committee will comment further on the use of the contingency fund during the current biennium in its forthcoming report on the first performance report on the programme budget for the biennium 2012-2013. **With a view to planning for the proposed programme budget for the biennium 2014-2015, the Committee recalls that the contingency fund is intended to accommodate additional expenditures relating to the biennium derived from legislative mandates not provided for in the proposed programme budget or from revised estimates. The Committee emphasizes the need to adhere strictly to the provisions of General Assembly resolutions 41/213 and 42/211 on the use of the fund.**

16. **With regard to the presentation of the budget outline document, the Advisory Committee notes that the financial implications of some items in the Secretary-General's report are listed as "to be determined" while others are specified. The Committee takes the view that, for the purposes of consistency of presentation, the potential impact on the proposed outline of all items that have yet to be considered by the General Assembly should be reflected in the report in the same manner.**

Annex

Impact of items before the General Assembly and foreseeable items yet to be considered on the proposed programme budget outline for the biennium 2014-2015[a]

(Thousands of United States dollars)

Proposed programme budget outline for the biennium 2014-2015		
Appropriations for the biennium 2012-2013[b]		5 152 299.6
Plus: delayed impact of posts and non-post resources approved in the biennium 2012-2013	15 667.4	
Less: one-time costs in the biennium 2012-2013	(19 262.9)	
Less: proposed provisions for resource changes in the biennium 2014-2015	(58 528.4)	
Subtotal, real growth compared with the appropriation for the biennium 2012-2013	**(62 123.9)**	
Plus: deferred post-related resources for inflation and exchange rate (for planning purposes)	220 668.9[c]	
Overall changes for established activities		158 545.0
Subtotal		**5 310 844.6**
Additional provision required for special political missions at the current programme level[d]	30 200.0	
Preliminary estimate for the biennium 2014-2015		**5 341 044.6**
First performance report (A/67/592)		
Additional appropriation		
(a) Unforeseen and extraordinary expenses	5 089.2	
(b) Revised estimates currency and inflation	(23 765.2)	
(c) Revised estimates for vacancy rate, and adjustments to standard costs	61 346.1	
Advisory Committee	TBD	
First performance report	42 670.1	
Not required for the biennium 2014-2015	(5 089.2)	
Total, net first performance report	**37 580.9**	**37 580.9**
Revised estimates (reports to be considered at the sixty-seventh session of the General Assembly)[e]		
Report of the Secretary-General on the administration of justice at the United Nations (A/67/265 and Corr.1) (2012-2013)	1 793.9	
Advisory Committee (A/67/547)	–	
Delayed impact or requirements for the biennium 2014-2015	–	
One-time cost in 2012-2013 not required in the biennium 2014-2015	(1 793.9)	
Total, administration of justice	–	

Proposed programme budget outline for the biennium 2014-2015	
Report of the Secretary-General on amendments to the rules of procedure of the United Nations Dispute Tribunal and the United Nations Appeals Tribunal (2012-2013) (A/67/349)	–
Advisory Committee (A/67/547)	(264.3)
Delayed impact or requirements for the biennium 2014-2015	264.3
One-time cost in 2012-2013 not required in the biennium 2014-2015	–
Total, United Nations Dispute Tribunal/United Nations Appeals Tribunal	**–**
Revised estimates resulting from resolutions and decisions adopted by the Economic and Social Council at its organizational and substantive sessions of 2012 (A/67/503)	992.1
Advisory Committee (A/67/577)	(992.1)
Delayed impact or requirements for the biennium 2014-2015	–
One-time cost in 2012-2013 not required in the biennium 2014-2015	–
Total, Economic and Social Council	**–**
Report of the Secretary-General on the revised estimates resulting from resolutions and decisions adopted by the Human Rights Council at its nineteenth to twenty-first sessions (A/67/607) (2012-2013)[f]	7 532.0
Advisory Committee	TBD
Delayed impact or requirements for the biennium 2014-2015	985.4
One-time cost in 2012-2013 not required in the biennium 2014-2015	–
Total, 19th to 21st sessions of the Human Rights Council	**8 517.4**
Report of the Secretary-General on the implications of the decisions and recommendations of the outcome document of the United Nations Conference on Sustainable Development (A/67/591) (2012-2013)	8 766.3
Advisory Committee	TBD
Delayed impact or requirements for the biennium 2014-2015	10 386.8
One-time cost in 2012-2013 not required in the biennium 2014-2015	(8 766.3)
Total, United Nations Conference on Sustainable Development	**10 386.8**
Fourth progress report on the enterprise resource planning project (A/67/360) (2012-2013)	–
Advisory Committee (A/67/565)	–
Delayed impact or requirements for the biennium 2014-2015	35 927.9
One-time cost in 2012-2013 not required in the biennium 2014-2015	–
Total, Umoja	**35 927.9**
Fifth progress report on adoption of the International Public Sector Accounting Standards (A/67/344) (2012-2013)	–
Advisory Committee (A/67/564)	–
Delayed impact or requirements for the biennium 2014-2015	–

Proposed programme budget outline for the biennium 2014-2015	
One-time cost in 2012-2013 not required in the biennium 2014-2015	–
Total, International Public Sector Accounting Standards	–
Statement submitted by the Secretary-General on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2012 (A/C.5/67/3)[g]	–
Advisory Committee (A/67/573)	–
Delayed impact or requirements for the biennium 2014-2015	4 680.0
One-time cost in 2012-2013 not required in the biennium 2014-2015	–
Total, International Civil Service Commission	**4 680.0**
Committee against Torture (A/67/44) (2012-2013)	1 464.9
Advisory Committee	TBD
Delayed impact or requirements for the biennium 2014-2015	1 464.9
One-time cost in 2012-2013 not required in the biennium 2014-2015	(1 464.9)
Total, Committee against Torture	**1 464.9**
Financial implications/oral statements emanating from Main Committees at the sixty-seventh session of the General Assembly[e]	
Draft resolution A/67/L.25 (Education for Democracy)	113.2
Draft resolution A/C.1/67/L.41 (Treaty banning the production of fissile material for nuclear weapons or other nuclear explosive devices)	1 023.3
Draft resolution A/C.1/67/L.48 (The illicit trade in small arms and light weapons in all its aspects)	582.0
Draft decision A/C.1/67/L.58 (Open-ended Working Group on the Fourth Special Session of the General Assembly Devoted to Disarmament)	535.7
Draft resolution A/C.2/67/L.40 (Follow-up to and implementation of the Mauritius Strategy for the Further Implementation of the Programme of Action for the Sustainable Development of Small Island Developing States)	520.5
Draft resolution A/C.2/67/L.39 (Specific actions related to the particular needs and problems of landlocked developing countries: outcome of the International Ministerial Conference of Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation)	914.9
Draft resolution A/C.2/67/L.44 (Report of the Governing Council of the United Nations Environment Programme on its twelfth special session and on the implementation of section IV.C entitled "Environmental pillar in the context of sustainable development" of the outcome document of the United Nations Conference on Sustainable Development). Figure is based on gross requirements	37 828.3
Draft resolution A/C.3/67/L.25 (Convention on the Rights of Persons with Disabilities and the Optional Protocol thereto) (2012-2013)	6 313.4
Draft resolution A/C.2/67/L.53 (Follow-up to the Fourth United Nations Conference on the Least Developed Countries)	4 347.2
Draft resolution A/C.2/67/L.51 (Smooth transition for countries graduating from the list of least developed countries)	50.9
Draft resolution A/C.2/67/L.34/Rev.1 (Entrepreneurship for development)	50.9

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Draft resolutions A and B and draft decision B of the report on the Committee on Information (A/67/21)	TBD	
Draft resolution A/C.3/67/L.23/Rev.1 (Rights of the child)	TBD	
Draft resolution A/C.3/67/L.35 (Committee on the Rights of the Child) (2012-2013)	3 596.6	
Financial implications for conferences scheduled for the biennium 2014-2015 for which modalities will be determined at the sixty-seventh session of the General Assembly (2012-2013)		
Preparatory work for the third United Nations conference on housing and sustainable urban development (Habitat III)	TBD	
Ten-year review of the implementation of the outcome of the World Summit on the Information Society	TBD	
Total, special conferences	**TBD**	
Reports anticipated at resumed parts of the sixty-seventh session and main part of the sixty-eighth session of the General Assembly		
Strategic heritage plan	TBD	
After-service health insurance	TBD	
Implications on the proposed programme budget for the biennium 2014-2015 stemming from the analysis of the functions of UN-Women pursuant to resolution 65/259	TBD	
Total	**TBD**	
Preliminary estimates relating to revised estimates and programme budget implications that will affect the budget outline to be adopted		**154 434.8**

Abbreviation: TBD: to be determined.

[a] Formulated on information available as at 6 December 2012 and subject to change.

[b] Includes the initial appropriation (General Assembly resolutions 66/248 A-C).

[c] The Advisory Committee notes that the figure for post-related recosting for inflation and exchange rates is indicative and differs from that included in the first performance report on the programme budget for the biennium 2012-2013 (A/67/592). The Committee was informed, upon enquiry, that the amount of $220.6 million for deferred post-related recosting for the biennium 2012-2013 was derived from projected rates as reflected in the Secretary-General's report, Revised estimates: effects of changes in rates of exchange and inflation, dated 15 December 2011 (A/66/614). The Committee was further informed that the amount of $263.3 million in the Secretary-General's first performance report on the programme budget for the biennium 2012-2013 (A/67/592) reflected adjustments due to variations in costing parameters assumed at the time of the initial appropriation for both post and non-post resources, and also included additional mandates approved by the General Assembly and the Security Council after the approval of the budget appropriation, unforeseen and extraordinary items that could not be deferred to the following biennium and decisions of policymaking organs. The figure of $120.8 million for post-related recosting included in the first performance report reflected only the post-related actual expenditure experience for 2012.

[d] Reflects current mandates for the biennium 2012-2013 adjusted for expected discontinuation of missions and provisions for new missions in the biennium 2012-2013.

[e] Decisions of the Fifth Committee not factored in.

[f] Requirements based on estimates known as at 6 December 2012 and subject to further adjustments.

[g] Should the General Assembly approve the recommendations of the Commissions, requirements of $2.3 million will be considered in context of the performance reports for the biennium 2012-2013.